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Ms. Anne Stausboll
Interim Chief Investment Officer
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Paris, January 10th, 2006

Dear Ms. Stausboll,

In your letter dated December 22nd, 2005, you provided an opportunity for Alcatel to respond to the CalPERS Investment Committee.

As I explained to Mark Anson, Chief Investment Officer at that time, during our meeting on November 21st, 2005, Alcatel is a telecommunication solutions provider involved in business partnerships in more than 130 countries. As a general statement, we consider that participating in the enhancement of the communication capabilities of a country can only benefit the country's economy, by promoting the development of the population's cultural level and ultimately its capacity to evolve to democracy. We do not believe that keeping a population in a situation of isolation from worldwide communications, especially in the era of the internet, can be considered as a way to promote human rights.

In the specific case of Sudan, ceasing our operations would definitely remove the opportunity for the population to make their problems known worldwide and would make Alcatel feel accomplice in human rights abuse. If the country was left completely isolated from the communications network of the planet, no-one would even know about the tragedy in the Darfur.

Although my colleagues at the board of directors and I fully agree that the global situation in Sudan is of utmost concern to all responsible members of society, we feel that your Investment Committee's demand to "cease our operations in Sudan" is not adapted to our actual role in this country: we have delivered telecommunication equipment there, which again is directly beneficial for the promotion of human rights, we have in no way "invested" to help the government.

I am convinced Alcatel's engagement policy, its ethics policy, its statement on business practices and its membership to the United Nation Global Compact reflect our commitment to support and respect the protection of internationally proclaimed human rights.

Please count on my support to work together with you on this important issue.

Yours sincerely,



Serge Tchuruk

